

Message Text

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TO SECSTATE WASHDC 7294
INFO AMCONSUL CAPE TOWN
AMCONSUL JOHANNESBURG

UNCLAS SECTION 1 OF 2 PRETORIA 1732

CAPE TOWN ALSO FOR EMBASSY

E.O. 11652: N/A

TAGS: BEXP, SF

SUBJ: GRAG RECOMMENDATIONS FOR 1979

REF: STATE 44899

1. FOLLOWING ARE MISSION RECOMMENDATIONS FOR FY-1979 GRAG:

A. ACTIVITY NO 1- MARKET RESEARCH (PRIORITY RAND 2).

IN VIEW OF CURRENT US POLICY GOVERNING TRADE PROMOTION
ACTIVITIES IN SOUTH AFRICA, MARKET RESEARCH REPRESENTS AREA
WHERE MISSION CAN PROVIDE DIRECT SUPPORT TO US EXPORTERS.
WHILE THE SOUTH AFRICAN ECONOMY CAN BE EXPECTED TO BE OUT OF
THE CURRENT RECESSION BY FY-1979, THERE ARE SUFFICIENT
IMPONDERABLES IN THE ECONOMIC PICTURE TO MAKE UP TO DATE
INFORMATION ON CHANGES IN MARKET FOR HIGH TECHNOLOGY GOODS
OF REAL BENEFIT. IT IS BELIEVED THAT A MUCH HIGHER PROPORTION
OF MARKET RESEARCH CAN BE DONE ON CONTRACT THAN AT
PRESENT. AREAS RECOMMENDED FOR MARKET RESEARCH IN
FY-1979 ARE;

1. MINING, CONSTRUCTION AND MATERIALS HANDLING EQUIPMENT

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2. MACHINE TOOL AND METAL WORKING EQUIPMENT

E. PROCESS CONTROL INSTRUMENTATION

R. COMMERCIAL AND INDUSTRIAL SAFETY AND SECURITY EQUIPMENT.

CONGEN JOHANNESBURG WILL SHORTLY FORWARD RATIONALE FOR EACH
PRODUCT CATEGORY.

B. ACTIVITY NO. 2- MAJOR PROJECTS (PRIORITY RANK R).

ALTHOUGH COMPARATIVELY WELL DEVELOPED, THE SOUTH AFRICAN

ECONOMY LACKS THE ABILITY TO CARRY OUT MANY HIGH TECHNOLOGY CAPITAL PROJECTS WITH DOMESTIC RESOURCES. THUS THERE WILL BE A CONTINUING OPPORTUNITY FOR US COMPANIES IN THIS AREA. BY 1979, NUMBER OF PROJECTS BY BOTH PRIVATE SECTOR AND GOVERNMENT, PARTICULARLY BY THE FORMER, SHOULD BE ON THE INCREASE FROM CURRENT LEVELS. WE WOULD NOT EXPECT, HOWEVER, THAT HIGH LEVEL OF INFRASTRUCTURE PROJECTS INITIATED BY SOUTH AFRICAN GOVERNMENT IN 1974-76 PERIOD WILL BE REPEATED DUE TO BUDGETARY AND BALANCE OF PAYMENT FACTORS.

C. ACTIVITY NO 3- ECONOMIC REPORTING/NEGOTIATION/REPRESENTATION (PRIORITY NO 1)

WITH SOUTH AFRICA FACING SERIOUS ECONOMIC AND POLITICAL PRESSURES, THE NUMEROUS US FIRMS WITH TRADE AND INVESTMENT INTERESTS IN THE COUNTRY HAVE NATURALLY BECOME DEEPLY INTERESTED IN RECEIVING OBJECTIVE INFORMATION ON ECONOMIC AND POLITICAL TRENDS. AT THE SAME TIME, US GOVERNMENT INTEREST IN ECONOMIC DEVELOPMENTS IN SOUTH AFRICA HAS INCREASED SHARPLY BECAUSE OF CLOSE LINKAGE WITH COURSE OF POLITICAL EVENTS. IN THIS REGARD, ONE OF MOST USEFUL SERVICES MISSION CAN PROVIDE IS OBJECTIVE AND COMPREHENSIVE REPORTING ON ECONOMIC EVENTS AND TRENDS. ALTHOUGH WE EXPECT BALANCE OF PAYMENTS TO IMPROVE AND ECONOMIC ACTIVITY AT MORE NORMAL LEVELS, IT IS LIKELY PRESSURES FOR IMPORT RESTRICTIONS WILL STILL NEED TO BE CLOSELY FOLLOWED.

D. ACTIVITY NO 4- INVESTMENT PROTECTION/GUIDANCE (PRIORITY3)

POINTS MADE IN REGARD TO ECONOMIC REPORTING ALSO VALID FOR INVESTMENT PROTECTION/GUIDANCE- AREA OF PARTICULAR UNCLASSIFIED

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FOCUS IS LABOR PRACTICES OF US FIRMS. THIS IS COMPLEX QUESTION ATTRACTING CONSIDERABLE INTEREST IN UNITED STATES WHICH WILL CONTINUE TO REQUIRE CONSIDERABLE MANPOWER INVESTMENT BY E/C PERSONNEL IN FY-79.

E. ACTIVITY NO 5- EXPORT CONTROL/ ARMS EMBARGO/ RHODESIAN SANCTIONS (PRIORITY NO 5)

EXPORT CONTROL CASES REQUIREING INCREASING SHARE OF E/C MANPOWER RESOURCES. WITH RECENT BROADENED APPLICATION OF EXCON REGULATIONS AND REPEAL OF BYRD AMENDMENT THIS TREND LIKELY TO CONTINUE INTO 1979. THIS IS PURELY REACTIVE ACTIVITY AND MISSION HAS NO CONTROL ON MANPOWER INVESTMENT IN THIS FIELD IRRESPECTIVE OF PRIORITY RANKING.

F. ACTIVITY NO 6- COMMERCIAL NEWSLETTER (PRIORITY NO 5).

COMMERCIAL NEWSLETTER REPRESENTS USEFUL INSTRUMENT IN BRINGING US PRODUCTS TO ATTENTION OF WIDE SELECTION OF IMPORTERS AND END USERS. IN ABSENCE OF VARIOUS OTHER TRADE PROMOTION ACTIVITIES, COMMERCIAL NEWSLETTER TAKES ON ENHANCED IMPORTANCE IN MAINTAINING CONTACT WITH KEY BUSINESS GROUPS.

G. ACTIVITY NO 7- FOREIGN BUYER PROGRAM (PRIORITY 9)
ASSUMING FUNDING FOR US SUPPORT FOR FBP IS CONTINUED,
MISSION EXPECTS TO COOEUXR BOHIS PROGRAM IN FY-79.

H. ACTIVITY NO 8- TRADE EVENT SUPPORT (PRIORITY 8)
PRODUCT LITERATURE DISPLAYS HAVE ONLY RECENTLY BEEN
SUSPENDED FOR FY-78 AND MISSION IS NOT AT THIS POINT ABLE
TO RECOMMEND RESTORATION FOR FY-79. WE DO NO, HOWEVER,
WISH TO CLOSE DOOR ENTIRELY AND WOULD SUGGEST REVIEWING AGAIN
SITUATION AT END OF 1977.

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TO SECSTATE WASHDC 7295

INFO AMCONSUL CAPE TOWN

AMCONSUL JOHANNESBURG

UNCLAS FINAL SECTION 2 OF 2 PRETORIA 1732

CAPE TOWN ALSO FOR EMBASSY

IT CAN BE EXPECTED THAT TWO ORTHREE PRIVATE OR STATE-
ORGANIZED US TRADE GROUPS WILL VISIT SOUTH AFRICA IN FY-79.
MISSION WILL PROVIDE NORMAL BUSINESS ASSISTANCE FOR THESE
GROUPS WITHIN CONTEXT OF US POLICY ON TRADE PROMOTION ACTIVITIES.

I. ACTIVITY NO 9- TRADITIONAL COMMERCIAL PROGRAMS (PRIORITY
7). WITH LIMITATIONS ON TRADE PROMOTION ACTIVITIES, TRADITIONAL
ACTIVITIES SUCH AS ADS, TOP, FTI AND WTDR TAKE ON INCREASED
IMPORTANCE AND PROPERLY UTILIZED CAN GO FAR TOWARD SERVING AS
CHANNEL FOR TRADE CONTACTS AND PROTECTING US MARKET SHARE.
IN RECOGNITION OF THIS FACT, THESE ACTIVITIES SHOULD BE
MORE SPECIFICALLY HIGHLIGHTED IN FY79 GRAG. VSMF SYSTEM
INSTALLED IN JOHANNESBURG IS PROVING VALUABLE TOOL IN
IDENTIFYING US PRODUCTS AND SUPPLIERS FOR LOCAL IMPORTERS.
CONGEN IN PROCESS OF EVALUATING WHAT ADDITIONAL PRODUCT
CATEGORIES SHOULD BE ADDED TO SYSTEM TO BROADEN EFFECTIVENESS.
AT SAME TIME, OPERATION OF SYSTEM AND REQUIRED QUARTERLY
REPORTS PRODUCING NOTICEABLE WORKLOAD FACTOR. FOR BOTH
THESE REASONS, VSMF SHOULD BE DIRECTLY IDENTIFIED IN GRAG. BOWDLER

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